



# House of Representatives

General Assembly

**File No. 138**

*January Session, 2003*

Substitute House Bill No. 6498

*House of Representatives, April 1, 2003*

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING STATE SUPPORT OF COMMUNITY BANKS AND COMMUNITY CREDIT UNIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1      Section 1. (NEW) (*Effective October 1, 2003*) As used in sections 2 to 4,  
2      inclusive, of this act:

3      (1) "Community bank" means a bank that is domiciled in this state  
4      and has assets of not more than five hundred million dollars; and

5      (2) "Community credit union" means a community credit union, as  
6      defined in section 36a-37 of the general statutes, which has assets of  
7      not more than five hundred million dollars.

8      Sec. 2. (NEW) (*Effective October 1, 2003*) (a) The State Treasurer shall  
9      establish a program under which the Treasurer may, based on cash  
10     availability, make available a pool of funds not exceeding one hundred  
11     million dollars for investment in community banks and community  
12     credit unions. Such funds shall be obtained from the state's operating

13 cash managed by the Treasurer.

14 (b) The Treasurer shall establish a schedule for making such  
15 investments in such banks and credit unions.

16 (c) The Treasurer shall establish a competitive bidding procedure  
17 under which such banks and credit unions may compete for funds  
18 under said program.

19 (d) The Treasurer may establish capital standards for such banks  
20 and credit unions wishing to participate in said program.

21 Sec. 3. (NEW) (*Effective October 1, 2003*) The State Treasurer may  
22 give a preference to community banks and community credit unions  
23 when awarding contracts for services to be provided to the State  
24 Treasurer. Such services shall include, but not be limited to,  
25 maintaining depository accounts, disbursement accounts or lock box  
26 services.

27 Sec. 4. (NEW) (*Effective October 1, 2003*) The State Treasurer may  
28 adopt regulations, in accordance with the provisions of chapter 54 of  
29 the general statutes, to carry out the purposes of sections 1 to 3,  
30 inclusive, of this act.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>

**BA**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Type
Treasurer	GF - See Below

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill potentially results in a loss of investment income to the General Fund to the extent that the rate of return on investments in community banks and community credit unions is lower than the rate of return available on investments in other institutions.

The bill permits the Treasurer to invest up to \$100 million of General Fund cash reserves in community banks and community credit unions. If the Treasurer were to invest the entire \$100 million pool at an interest rate that was 0.01% lower than the rate at which it could have been invested elsewhere, the loss in investment income would be \$10,000 per year.

The agency will establish (1) a schedule for making investments, and (2) a competitive bidding procedure under which banks and credit unions can compete for funds, with existing personnel and resources.

**OLR Bill Analysis**

sHB 6498

**AN ACT CONCERNING STATE SUPPORT OF COMMUNITY BANKS  
AND COMMUNITY CREDIT UNIONS****SUMMARY:**

This bill requires the state treasurer to establish a program under which she may, based on cash availability, make available up to \$100 million for investment in community banks and community credit unions. The bill defines a "community bank" as a bank domiciled in Connecticut with assets of up to \$500 million, and a "community credit union" as a Connecticut credit union with assets between \$10 million and \$500 million and membership limited to people in a well-defined community, neighborhood, or rural district. The bill specifies that these investment funds come from the state's operating cash that the treasurer manages.

The bill requires the treasurer to establish (1) a schedule for making the investments and (2) a competitive bidding procedure under which banks and credit unions can compete for the funds. It authorizes her to establish capital standards for banks and credit unions that wish to participate in the program and to adopt implementing regulations. The bill also allows the treasurer to give preference to community banks and community credit unions when awarding contracts for services to be provided to her, including maintaining depository or disbursement accounts or lock box services.

EFFECTIVE DATE: October 1, 2003

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute

Yea 19      Nay 0